

INTENDED USE PLAN
DRINKING WATER STATE REVOLVING FUND
LOAN PROGRAM
FY 2011 FEDERAL APPROPRIATION



Prepared by the
Tennessee Department of Environment and Conservation
State Revolving Fund Loan Program

DWSRF Loan Program Intended Use Plan for FY 2011

A. Introduction

The Safe Drinking Water Act (SDWA) Amendments of 1996 (Public Law 104-182) were enacted into law on August 6, 1996. Congress added Section 1452 to the SDWA authorizing the Administrator of the U. S. Environmental Protection Agency (EPA) to establish a Drinking Water State Revolving Fund (DWSRF) Loan Program to further the health objectives of the SDWA.

Section 1452(b) requires each state to annually prepare an Intended Use Plan (IUP) identifying the use of funds in the DWSRF Loan Program and describing how those uses support the goal of protecting public health and the environment. The following information must be included in the IUP to meet the requirements of the SDWA:

- Priority Ranking List of proposed loan projects including project description and size of community
- Description of criteria and method used for distribution of funds
- Description and amount of the set-aside activities that will be funded from the DWSRF Loan Program Capitalization Grant
- Description of the financial status of the DWSRF Loan Program
- Description of the short- and long-term goals of the DWSRF Loan Program

The IUP serves as the planning document for explaining how the fiscal year (FY) 2011 appropriations for the DWSRF Loan Program will be used. The State of Tennessee's (State) allotment of the FY 2011 Federal appropriation for the DWSRF Loan Program is expected to be approximately \$12,000,000. The IUP describes how the State will meet the required 20 percent State match of \$2,400,000 and the intended uses of both the project loan funds and the set-aside or non-project funds allowed under Sections 1452(g)(2) and 1452(k) of the SDWA. The EPA Capitalization Grant minus set-aside funds plus the State match will provide approximately \$12,360,000 in project loan funds. A total of 83 percent or \$9,960,000 of the \$12,000,000 FY 2011 Capitalization Grant plus the required 20 percent or \$2,400,000 State match will be reserved for direct loans to eligible communities. Fifteen percent or approximately \$1,800,000 of the FY 2011 Capitalization Grant is required by Section 1452(a)(2) to provide loan assistance to systems serving fewer than 10,000 persons to the extent that there are a sufficient number of eligible projects to fund. Tennessee's DWSRF Loan Program does not set aside funds for disadvantaged communities.

B. Subsidization

If the FY 2011 DWSRF Capitalization Grant requires a portion of the funds to be set-aside towards subsidy, the State will provide additional subsidy to eligible projects in the form of Principal Forgiveness. Eligible recipients of assistance from the State Revolving Fund (SRF) may receive subsidization in the form of Principal Forgiveness. Principal Forgiveness will be specified in the SRF Loan Agreement.

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C. Green Project (GP) Set-Aside

If the FY 2011 DWSRF Capitalization Grant requires a portion of the funds to be set-aside towards Green Projects, the State will provide set-aside a portion of the grant dollars to fund eligible Green Projects. GP shall be utilized for project to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

Projects meeting GP criteria will follow the same process as all other SRF projects. EPA's GP eligibility guidance for the DWSRF program will be used to evaluate the GP projects. Additionally, GP projects will be selected separately from the total cost until the GP requirement has been met.

A State will be considered to have met the GP requirement when the required percentage of its capitalization grant for FY 2011 is in executed assistance agreements for qualifying GP projects. If a GP project is underbid and the State has not met the required percentage for GP, the difference between the amount in the executed assistance agreement and the winning bid must be used for another GP project(s).

D. Davis-Bacon

For fiscal year 2011 the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) shall apply to any construction project carried out in whole or in part with assistance made available by a drinking water treatment revolving loan fund as authorized by section 1452 of that Act (42 U.S.C. 300j-12).

The Department of Labor provides pertinent information related to compliance with labor standards, including prevailing wage rates and instructions for reporting. The DWSRF Loan recipients will be required to comply with the Davis-Bacon Act wage rules to all contracts funded with the FY 2011 Drinking Water Capitalization Grant.

E. Drinking Water Priority System

Applicants for DWSRF funding must submit a request a letter of request for funding along with a project description, cost estimate and project start and completion. As required by SDWA, projects are prioritized by risk to human health and compliance with SDWA. Upon a request for funding, projects are evaluated and assigned from 20 points to 100 points depending on the public health and compliance issues addressed by the project as noted in the attachments. Seven categories have been established which should cover all types of drinking water projects.

These categories will include:

- Water quality problems
- Source or capacity
- Water storage
- Leakage problems
- Pressure problems
- Replacement or rehabilitation projects

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- Water line extensions

Projects demonstrating the greatest risk to human health will receive the highest priority followed by projects addressing compliance problems and then projects addressing other needs.

The DWSRF Loan Program may not provide assistance to any system that is in significant noncompliance with any national drinking water regulation or variance unless the State conducts a review and determines that the project will enable the system to return to compliance and the system will maintain an adequate level of technical, managerial and financial capability to maintain compliance.

Projects not eligible for funding are those primarily intended for the following:

- Future growth
- Economic development
- Fire protection

The following projects and activities are not eligible for funding:

- Dams
- Reservoirs
- Water rights
- Laboratory fees for monitoring
- Operation and maintenance expenses

F. List of Projects

In accordance with Section 1452(b), states must develop a list of projects that will receive funding in the first year after the grant award and a comprehensive priority list of eligible projects for funding in future years. This list must include: the name of the community; population, the type of financial assistance, and; the projected amount of eligible assistance. The list included in the IUP must contain eligible projects for which the total cost of assistance requested is at least equal to the amount of the grant being applied for before a grant can be awarded

Additionally, the IUP must contain a description of the financial status of the State loan fund including sources and uses; contemplated loan terms and interest rates; the short-term and long-term goals of the State loan fund; a description of the means by which the State will choose those projects that are ready to proceed to construction.

G. Project By-Passing Procedures

DWSRF Loan Program projects will be funded in order based on the highest number of priority points as listed on the FY 2011 DWSRF Priority Ranking List (PRL). Using the project cost estimates on the FY 2011 DWSRF Loan Program PRL, 15 percent of the available loan funds will be set-aside for communities with a population of 10,000 or less. DWSRF Loan Program funding may be limited to the project costs set forth on the FY 2011 PRL. Funding may be limited to \$2.5 million per community per loan from the FY 2011 Capitalization Grant. Upon receipt of the FY 2011 Capitalization Grant, TDEC will contact the communities with the highest scoring projects on the FY 2011 PRL.

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Communities that do not respond with a completed application within 120 days may be bypassed in order to fund the next highest-ranking projects that are ready to proceed. The DWSRF Loan Program will work with bypassed projects to ensure that the projects will be eligible for funding in the following fiscal year to the maximum extent possible. The State may substitute projects on an emergency basis. Such projects would include those where some type of failure was unanticipated and requires immediate attention to protect public health.

H. Interest Rates and Affordability Criteria

The interest rate will be based on the community's Ability To Pay Index (ATPI). Interest rates can vary from zero to 100 percent of the interest rate reported on the 20-year Bond Buyer Index and the Municipal Market Data General Obligation Yields published every Thursday. Communities that fall within the lower economic scale of the index will be eligible for a lower interest rate. The interest rates for utility districts and water/wastewater authorities that have service areas in more than one county will be determined by utilizing the lowest ATPI of the county or city that will directly benefit from the project(s) associated with the loan. The term of the loan will be a maximum of 20 years or the useful life of the project whichever is shorter.

The methodology for assigning priority points based on health risk and compliance are explained in the Drinking Water Priority System section of this IUP. The affordability criteria are used to prioritize projects that have the same number of points based on project need. Affordability criteria are based on the Ability-To-Pay Index (ATPI) established by the University of Tennessee Center for Business and Economic Research. Communities with greater economic need are given a higher ranking. The allocation formula uses a broad definition of fiscal capacity that includes per capita property tax base and per capita sales. The intent is to measure fiscal capacity in terms of the available resources for paying for services.

The DWSRF Priority List contains information detailing the name of the projects to be funded and the related assigned points, description, expected terms of financial assistance and population of the system's service area.

The attachments include the DWSRF Priority Ranking List (Attachment #1), the Priority Point Criteria for DWSRF Loan Program Projects (Attachment #2), the proposed binding commitment schedule over eight (8) quarters for FY 2011-2013 (Attachment #3), the DWSRF quarterly ASAP Schedule identifying the anticipated amount of federal dollars to be deposited into the DWSRF over eight (8) quarters (Attachment #4), the DWSRF Quarterly Disbursement Schedule projecting the transfer of cash from the Drinking Water SRF Loan Program to the loan recipients over ten (10) quarters (Attachment #5), Sources and Uses of DWSRF Funds (Attachment #6), and Public Meeting Notice for FY 2011 IUP (Attachment #7).

I. Loan Fee

A loan fee of 8 basis points (0.08%) will be charged on the DWSRF loans that are awarded on or after October 1, 2009.

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J. Description of the Financial Status of the DWSRF Loan Program

The table below details the total dollar amount in the DWSRF Loan Program project fund and the total dollar amount used as set-asides:

Prior-Year Carry-forward Funds*	+	\$ 13,539,368
Principal & Interest Receivables Projected for FY 2011**	+	\$ 5,793,568
Interest on DWSRF Loan Program Cash Projected for FY 2011**	+	\$ 95,100
FY 2011 Capitalization Grant	+	\$ 12,000,000
Less: Set-asides		
4% Administration	-	\$ 480,000
10% Public Water Supply Supervision (PWSS)	-	\$ 1,200,000
2% Small System Technical Assistance	-	\$ 240,000
1% Wellhead Protection	-	\$ 120,000
83%Balance to Project Fund	=	\$ 9,960,000
20% of FY 2011 Capitalization Grant matched by State	+	\$ 2,400,000
DWSRF Loan Program Project Funds	=	\$ 31,788,036
*Estimated balance at June 30, 2011 pre-year-end adjustments		
**Estimated principal, interest, and treasury interest for FY 2011		

Required State match dollars have been appropriated in the State budget for FY 2011. The 20 percent match of \$2,400,000 will be deposited into the DWSRF Loan Program project fund during FY 2011 and any interest earned on the match dollars will be credited to the DWSRF Loan Program project fund.

K. Short- and Long-Term Goals/Objectives

As required by the State is to identify the goals and objectives of its DWSRF Loan Program. The goals as described below are not presented in any priority order.

The State has the following long-term goals and objectives for the DWSRF Loan Program.

Goal 1: Maintain a self-sustaining revolving loan program through the DWSRF Loan Program to provide local governments in Tennessee with low-cost financial assistance for projects to assure affordable drinking water and that comply with the SDWA.

Objective 1.A: To ensure the financial stability of loan recipients by reviewing the financial history, loan security, and proposed user rates of loan applicants

Objective 1.B: To ensure the use of accounting, audit, and fiscal procedures that conform with generally accepted government accounting standards

Objective 1.C: To obligate funds in a timely manner and provide technical and administrative assistance for efficient project management

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Goal 2: Protect and enhance the water quality in Tennessee by ensuring the technical integrity of funded projects

Objective 2.A: To ensure adequate and effective project planning, design, and construction management

Objective 2.B: To maintain a priority ranking system and offer available funds to projects with the highest priority points that are ready to proceed

In addition to these long-term goals, the State has the following short-term goals for the DWSRF Loan Program.

Goal 3: Maximize funds available in the DWSRF Loan Program through cooperation with the EPA

Objective 3.A: To prepare and submit an annual Intended Use Plan (IUP) and prepare and submit, along with the IUP, an application for the Capitalization Grant

Objective 3.B: To actively promote and pursue all potential borrowers, which have needed eligible projects

Objective 3.C: To provide reports to EPA covering the accomplishments of the IUP

Goal 4: Manage an effective and efficient DWSRF Loan Program

Objective 4.A: To prepare and update administrative policies and guidance and standard operation procedures for the DWSRF Loan Program

Objective 4.B: To coordinate and work with the Comptroller of the Treasury to ensure the best financing alternative to local governments

Goal 5: Direct the necessary resources for Section 1452(g)(2) and 1452(k) toward the State's most pressing compliance and public health protection needs

Objective 5.A: To provide supervision and technical assistance to public water systems

Objective 5.B: To assist development and implementation of local drinking water protection initiatives

Goal 6:

Objective 6.A: Solicit green projects for placement on the DWSRF Priority List

Objective 6.B: Evaluate potential green projects that appear to be likely qualify in whole or part for purposes of meeting the eligibility requirements

L. Description of Criteria and Method used for Distribution of Funds

Section 1452 of the SDWA authorizes a DWSRF Loan Program. This section of the federal law also authorizes the states to provide funding other than loans for certain activities related to DWSRF called set-asides. States are required to describe in their IUP the amount and intended use of these set-aside funds. The State may return all unused set-aside funds to the project loan fund. Set-asides may be used according to the SDWA for administering the loan fund, Public

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Water System Supervision (PWSS), Well Head Protection (WHP) and Small Systems Technical Assistance (SSTA). Funds can be set-aside from each FY's Capitalization Grant for the activities listed in this section. Funds to delineate and assess source water protection areas were only available from the FY 1997 Capitalization Grant.

The State will determine uses of the Grant that provide for the long-term viability of the fund. The State proposes to use the FY 2011 Capitalization Grant for the following activities to accomplish the objective of directing funding toward the most pressing compliance and public health protection needs.

STATE SET-ASIDE ACTIVITIES

Department/ Division/Program	Activity	Costs Related to:	Comments
4% Administration (FY 2011-\$480,000)			
TDEC/ DWS*/ SRF**	Loan program administration	Personnel, rent, travel, supplies, training	Funds will be used to administer the DWSRF program.
10% State Program PWSS (FY 2011--\$1,200,000)			
TDEC/ DWS*	Sanitary Surveys, investigation, publications, laboratory support	Personnel, rent, travel, supplies, training	Funds will be used to protect the public health.
2% Small System Technical Assistance (FY 2011--\$240,000)			
TDEC/ OEA***/ FTC****	Regulatory compliance assistance to water systems serving less than 10,000 persons	Personnel, travel, and printing	Funds remaining will be banked for use in future years.
TDEC/ OEA***/ FTC****	Technical training to water systems serving less than 10,000 persons	Travel, equipment and supplies	Supplemental funding to existing training program.
1% Wellhead Protection (FY 2011--\$120,000)			
TDEC/DWS*/ WHP*****	Accelerate the Wellhead Protection Program	Personnel, rent, travel, supplies, training	Funds for these activities must be obligated within one year of the award date of the grant.
*DWS—Division of Water Supply; **SRF—State Revolving Fund Loan Program; ***OEA—Office of Environmental Assistance; ****FTC—Fleming Training Center; *****WHP---Well Head Protection			

TDEC elected to set aside 17 percent of the FY 2011 DWSRF Capitalization Grant for local assistance and other state program activities. No more than 10 percent of the grant may be used for any one activity. The allowed activities are described in Section 1452(k)(1)(C) of the

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SDWA. The State has chosen to set aside 1 percent of the FY 2011 Capitalization Grant for the Wellhead Protection activity.

M. Description of Set-Aside Activities

PUBLIC WATER SUPPLY SUPERVISION (PWSS) WORKPLAN FY 2011

According to provisions of 1452(g)(2) the State plans to set aside 10 percent (\$1,200,000) of the revolving loan Capitalization Grant to be utilized for the following purposes:

- For Public Water System Supervision programs under Section 1443(a)
- To administer or provide technical assistance through Source Water Protection Programs
- To develop and implement a Capacity Development Strategy under Section 1420
- For an Operator Certification Program for purposes of meeting the requirements of Section 1419 if the state matches the expenditures with at least an equal amount of state funds. At least half of the match must be in addition to the amount expended by the state for public water system supervision in FY 1993.

The PWSS set-aside requires a dollar for dollar state match in addition to the 20 percent state match of the Capitalization Grant. At least one-half of the FY 2011 state match funds provided by the State, plus any over match, must be in addition to the entire amount the State expended for the PWSS program in FY 1993.

TDEC's Division of Water Supply (DWS) intends to use the PWSS set-aside money to conduct the following activities and purchase equipment and supplies.

- Review engineering plans
- Technical assistance visits
- Complaint investigations
- Construction inspections
- Community sanitary surveys
- Non-transient non-community surveys
- Transient non-community surveys
- Public hearings
- Public presentations
- Technical seminars

The State intends to set-aside 10% of the FY 2011 Capitalization Grant for the PWSS, which will be directed, to retaining 16 or more positions in the Division of Water Supply. During FY 2011 the DWS would use the majority of the set-aside money to continue the existing level of activity rather than expand the public water system supervision level. Every effort would be made to incorporate the source water protection and capacity activities into the technical assistance provided to public water systems. In addition to continuing existing activities, DWS would propose to use set-aside money to continue addressing issues raised by the 1996 amendments to SDWA.

The PWSS program goals and objectives and deliverables for this year include such activities as sanitary surveys, construction inspections, complaint investigations, continue to manage the laboratory certification program and revise the sanitary survey manual, record keeping and evaluation of water quality data, and monitoring requirements for public water systems (see table below). The set-aside would also be used to pay for travel, rent, supplies, communications,

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printing, and laboratory support. Other services include dealing with problems associated with the managerial, technical, and financial capacity of public water systems. The PWSS program will evaluate its success in assisting public water supply systems to ensure their compliance with the SDWA. Results of the PWSS program will be provided in FY 2011/2012 DWSRF Annual Report.

<u>ACTIVITY</u>	<u>NUMBER PROJECTED</u>
Technical Assistance Visits	500
Complaint Investigations	129
Community Sanitary Surveys	170
Non-transient Non-community Surveys	40
Transient Non-community Surveys	153
Public Hearings	9
Public Presentations	6

The State already overmatches sufficient federal money to qualify as meeting the matching requirements needed to be eligible for these set-aside funds. Any excess funds not expended can be returned to the DWSRF Loan Program project fund if not needed for the PWSS program.

The State plans to use a portion of the set-aside money from the DWSRF Loan Program to conduct public water system operator training activities. Training primarily is conducted at FTC. This money will be used to supplement the existing training program already in place. The state is in compliance with the SDWA, which requires the state to adopt and implement a plan for certifying operators of public water systems.

SMALL SYSTEM TECHNICAL ASSISTANCE WORKPLAN FY 2011

The State plans to set aside 2 percent of the funds available in the FY 2011 capitalization grant for the Small System Set Aside in the amount of \$240,000 to provide technical assistance to public water systems serving 10,000 or less. These funds will fund the 8 positions at the Fleming Training Center (FTC). The (FTC) provides primarily three functions; (1) training of operators in the water and wastewater industry, (2) administering the State water and wastewater operator certification program, and (3) providing technical assistance to water and wastewater facilities/operators. A listing of the FY 2011 classes that are available to public water systems at the FTC is attached. The list of courses offered is also available on the FTC website.

In FY 2012, the goal of the instructors at the FTC will be to provide technical assistance to small water system operators to troubleshoot and calibrate equipment, teach safety around water treatment facilities, help achieve and maintain compliance with the SDWA and protect the public. Training and continuing education will be accomplished through a wide variety of course offerings, seminars, and continuing education classes to small systems. Many of these courses offered in various locations across the state allowing greater access for operators. The outcome of the assistance provided to the small system operators is to ensure compliance with the provisions of the SDWA and to work with small system operators towards obtaining compliance with operator certification program requirement. The four instructors at FTC can provide technical assistance to small systems through on-site visits to the water systems, blogs, technical bulletins, and excerpts from trade journals, emails or by telephone.

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FTC will offer workshops, technical assistance, and on-site audits to reduce energy costs at plants serving 10,000 or less. This includes energy audits for the office and work areas which may result in relamping, HVAC upgrades including programmable thermostats, and energy star purchases as well as energy audits in the plant to reduce overall consumption and peak demand such as equipment phasing, energy-efficient pumps and motors, and proper pump maintenance and calibration.

FTC will also provide training on homeland security, membrane systems, line disinfection, drought management, and natural disasters. FTC will continue offering training and technical assistance to small systems serving 3,300 or less.

Evaluations of the work accomplished will be done quarterly for training and technical assistance. Training evaluations are accomplished after each training class to determine the effectiveness of the instruction. Trip field reports after technical assistance is accomplished, as well as follow-ups visits, are completed to evaluate the effectiveness of the training and assistance. Results of the technical assistance provided in FY 2012 to small public water systems will be submitted in the DWSRF Annual Report.

WELLHEAD PROTECTION WORKPLAN FOR FY 2011

In FY 2011-2012, set aside funding is being used for funding Division of Water Supply staff to perform wellhead protection activities across the state. The funds are paying for the majority of one FTE for the non-community/small community system wellhead protection coordinator within the Ground Water Management Section (GWMS). The total compensation plan for the Well Head Staff member (Geologist 4) salary and fringe comes to a total of \$69,789.81. The remainder of the money will be used for Travel/supplies/equipment replacement to the total of \$30,249.19. Results of the wellhead protection activities will be provided in FY 2012 DWSRF Annual Report.

N. Financial, Managerial, and Technical Capacity

The State is required under Section 1452(a) (3) of the SDWA to develop a process to assess the technical, financial, and managerial capacity of water systems before a loan can be awarded. State law was amended March 10, 1998, to give authority to the Tennessee Department of Environment and Conservation (TDEC) to require all new community water systems and new non-transient, non-community water systems commencing operation after October 1, 1999, to demonstrate technical, managerial, and financial capacity to comply with the national primacy drinking water regulations and the provisions of the Tennessee Safe Drinking Water Act and the rules promulgated there under. The law was also amended to grant to TDEC the authority to develop a strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity. Regulations governing the Capacity Development Program in the State for new systems became effective on August 29, 1999. The state is in compliance with the SDWA Section 1420 (c) (3), which requires the state to assess the effectiveness of their strategy to ensure that public water systems providers have the technical, managerial and financial capacity to operate a public water system.

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In addition to the strategy, the State has two boards that evaluate the technical, financial, and managerial capacity of water systems eligible for DWSRF loans. The Water and Wastewater Financing Board addresses cases involving county and municipal government water systems and water and wastewater authorities. The Utility Management Review Board addresses cases involving utility districts and water and wastewater authorities. Loan applicants in significant noncompliance will be required to demonstrate to the DWSRF Loan Program that the proposed DWSRF project will ensure compliance. The DWSRF Loan Program will assess the loan applicant's managerial, technical, and financial capacity that will allow TDEC to recommend the loan for approval to the Tennessee Local Development Authority Board.

O. Assurances and Specific Proposals

The State shall provide the necessary assurances and certifications described in the Operating Agreement submitted as part of the Capitalization Grant Application. This Operating Agreement is the official agreement between the State and EPA.

Pursuant to Section 1452 of the SDWA, the State certifies that:

- The State has the authority to establish a DWSRF Loan Program project loan fund and to operate the DWSRF Loan Program in accordance with the SDWA.
- The State will comply with its statutes and regulations.
- The State has the technical capability to operate the program.
- The State will accept Capitalization Grant funds in accordance with a payment schedule.
- The State will deposit all Capitalization Grant funds in the DWSRF Loan Program project fund or set-aside account.
- The State will deposit interest earnings and repayments into the DWSRF Loan Program project fund.
- The State will match Capitalization Grant funds the State uses for 1452(g) (2) set-aside.
- The State will use Generally Accepted Accounting Principles.
- The State will have the DWSRF Loan Program project fund and set aside account audited annually in accordance with General Accepted Government Auditing Standards.
- The State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments.
- The State will commit and expend funds as efficiently as possible, and in an expeditious and timely manner.
- The funds will be used in accordance with the IUP.
- The State will provide EPA with an Annual Report.
- The State will comply with all federal crosscutting authorities.

In addition, the State certifies that it will conduct environmental reviews on water system projects in satisfying the National Environmental Policy Act-like (NEPA-like) requirements. The State's NEPA-like procedures are contained in the approved Operating Agreement.

P. Disadvantaged Business Enterprise (MBE)/Women's Business Enterprise (WBE) Goals

In accordance with federal Executive Order 11625 dated October 13, 1971, and Executive Order 12138 dated May 18, 1979, the local government must make a good faith effort to include participation from minority and women's businesses in sub-agreement awards. The MBE fair

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share goal is 2.6 percent for construction and 5.2 percent for supplies, services, and equipment. The WBE fair share goal is 2.6 percent for construction and 5.2 percent for supplies, services, and equipment.

Q. Environmental Benefits

The State agrees to complete the DWSRF Project Benefits Report (PBR) in accordance with the Procedures for Implementing Certain Provisions of the FY 2011 Appropriation. Copies of the PBR worksheets will be placed in the Annual Report.

R. Annual Report

Section 1452 of the SDWA requires the State to complete and submit a Biennial Report on the uses of the DWSRF Loan Program. The Annual Report shall be submitted to EPA within 90 days after the end of the fiscal year covered by the IUP. This report will contain detailed information on how the State has met the goals and objectives of the previous year as stated in the IUP and Capitalization Grant agreement. Additionally, the Annual Report will identify loan recipients (name and identification number), loan amounts and terms, Green Project Reserve projects (if applicable), projects receiving subsidization (principal forgiveness, if applicable), amount of subsidy (if applicable), similar details on other forms of financial assistance provided from DWSRF, population of loan recipient, and other such information as EPA may require.

S. Public Review and Comment

A public meeting was held on May 3, 2011, in Nashville to receive comments on the IUP. The State formally issued a public notice on April 5, 2011, to solicit participation in the public meeting. Over eight hundred notices were sent to local governments including municipalities, counties, water authorities, and utility districts; consulting engineers; and other interested parties that are included on the mailing list. A copy of the IUP is posted on the TDEC's website located at <http://www.tn.gov/environment/srf>. A summary of the public meeting is on file in the offices of the DWSRF Loan Program.

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ATTACHMENTS

- Attachment 1: DWSRF FY 2011/2012 Priority Ranking List
- Attachment 2: Priority Point Criteria for DWSRF Loan Program Projects
- Attachment 3: DWSRF Loan Program Binding Commitment Schedule
- Attachment 4: DWSRF Quarterly ASAP Schedule
- Attachment 5: DWSRF Loan Program Disbursements Schedule
- Attachment 6: DWSRF Loan Program Sources and Uses of Funds
- Attachment 7: Public Notice, April 5, 2011

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Attachment 1

DRINKING WATER STATE REVOLVING FUND FY 2011 Priority Ranking List

COMPREHENSIVE LIST

Total DWSRF \$ 103,288,795 \$ 39,943,580 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points	Pop.	Local Government	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate	Exp'd term (yrs)	Exp'd loan award date	Const. Start	Const. Compl
1	85	2,200	OLD GAINESBORO ROAD UTILITY DISTRICT *	JACKSON / PUTNAM	WATER STORAGE TANK	\$ 1,000,000.00	\$ -	0135	0.40%	20	Dec-11	Sep-12	Aug-13
2	65	988	SHARON *	WEAKLEY	GREEN ELEVATED STORAGE TANK – Green Business Case Required	\$ 658,300.00	\$ 658,300.00	0627	0.80%	20	Dec-11	Sep-12	Sep-13
3	65	2,209	ALEXANDRIA *	DEKALB	2011 WATER LINE REHAB-UPSIZE AND WATER LOSS PREVENTION	\$ 1,000,000.00	\$ -	0008	1.19%	20	Dec-11	Oct-12	Feb-13
4	65	2,209	ALEXANDRIA *	DEKALB	BRUSH CREEK PUMP STATION REPLACEMENT, WL REPLACEMENT / UPSIZE	\$ 300,000.00	\$ -	0008	1.19%	20	Dec-11	Mar-12	Aug-13
5	65	391	BELL BUCKLE *	BEDFORD	WARTRACE ROAD WATER LINE REHABILITATION	\$ 250,000.00	\$ -	0044	1.59%	20	Jan-12	Jun-12	Nov-13
6	65	6,648	CROSS ANCHOR UTILITY DISTRICT *	GREENE	GREEN-LEAK DETECTION METERS, WL REPLACEMENT TO PREVENT WATER LOSS – Green Business Case Required	\$ 2,850,000.00	\$ 2,850,000.00	0149	1.99%	20	Nov-11	Jun-12	Oct-13

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COMPREHENSIVE LIST

Total DWSRF \$ 103,288,795 \$ 39,943,580 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points	Pop.	Local Government	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate	Exp'd term (yrs)	Exp'd loan award date	Const. Start	Const. Compl
7	65	26,837	ELIZABETHTON	CARTER	GREEN WATER LOSS REDUCTION PROGRAM INCLUDING LEAK DETECTION PROGRAM, WL REPLACEMENT, AUTO-READ METERS, METER CALIBRATION & REPAIR – Green Business Case Required	\$ 2,800,000.00	\$ 600,000.00	0221	1.99%	20	Nov-11	Mar-12	Jun-13
8	65	7,760	JEFFERSON CITY *	JEFFERSON	GREEN JARNIGAN WELL RW PS EXPANSION, NEW WELL, WL UPGRADE, WTP UPGRADE W EMERGENCY GENERATOR, WL REPLACEMENT, PS REPLACEMENT, WATER LOSS CORRECTION – Green Business Case Required	\$ 4,000,000.00	\$ 500,000.00	0328	1.99%	20	Nov-11	Mar-12	Jun-13
9	65	8,981	CROSSVILLE *	CUMBERLAND	MAIN ST WL REPLACEMENT	\$ 1,530,000.00	\$ -	0150	3.18%	20	Nov-11	Mar-12	Dec-13

DWSRF Loan Program Intended Use Plan for FY 2011

DRINKING WATER STATE REVOLVING FUND FY 2011 Priority Ranking List

COMPREHENSIVE LIST

Total DWSRF \$ 103,288,795 \$ 39,943,580 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points	Pop.	Local Government	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate	Exp'd term (yrs)	Exp'd loan award date	Const. Start	Const. Compl
10	65	20,235	LEBANON	WILSON	GREEN WTP ADDITIONS AND MODS FOR DISINFECTION BY-PROD RULES – Green Business Case Required	\$ 10,000,000.00	\$ 10,000,000.00	0393	3.18%	20	Mar-12	Jul-12	Dec-13
11	65	20,235	LEBANON	WILSON	GREEN-CLEARWELL AT WTP- Green Business Case Required	\$ 2,500,000.00	\$ 2,500,000.00	0393	3.18%	20	Nov-11	Mar-12	Sep-13
12	45	12,400	WEST-WARREN VIOLA UTILITY DISTRICT	GRUNDY / COFFEE / CANNON / WARREN	FLAT MTN 1.0 MG WATER STORAGE TANK & TRANSMISSION MAIN	\$ 3,900,000.00	\$ -	0742	0.00%	20	Jan-12	Jun-12	Oct-13
13	45	4,500	CUMBERLAND UTILITY DISTRICT *	MORGAN / ROANE	GREEN WATER LOSS CORRECTION PROJECT - WL REPLACEMENT – Green Business Case Required	\$ 5,500,000.00	\$ 5,500,000.00	0531	0.40%	20	Dec-11	Mar-12	Aug-13
14	45	7,810	ARTHUR-SHAWANEE UTILITY DISTRICT *	CLAIBORNE	GREEN-WL REPLACEMENTS, WATER LOSS CORRECTION – Green Business Case Required	\$ 838,149.00	\$ 150,000.00	0022	1.59%	20	Jan-12	Jun-12	Mar-13

DWSRF Loan Program Intended Use Plan for FY 2011

DRINKING WATER STATE REVOLVING FUND FY 2011 Priority Ranking List

COMPREHENSIVE LIST

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Rank	Priority Points	Pop.	Local Government	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate	Exp'd term (yrs)	Exp'd loan award date	Const. Start	Const. Compl
15	45	19,000	FIRST UTILITY DISTRICT OF HAWKINS COUNTY	HAWKINS	GREEN PHASE II - HORD CREEK BOOSTER STATION; WL EXTENSION, NEW PS, DECOM OF EXISTING HORD CR WTP – Green Business Case Required	\$ 700,000.00	\$ 255,000.00	0109	1.59%	20	Jan-12	Jul-12	Dec-13
16	45	2,287	MINOR HILL UTILITY DISTRICT *	GILES	BETHEL RD WL REHAB	\$ 580,000.00	\$ -	0469	1.59%	20	Feb-12	Jul-12	Feb-13
17	45	2,287	MINOR HILL UTILITY DISTRICT *	GILES	MINOR HILL HWY WL REHAB	\$ 450,000.00	\$ -	0469	1.59%	20	Feb-12	Aug-12	Feb-13
18	45	73,712	OCOEE UTILITY DISTRICT	POLK / BRADLEY	2010 WATER SYSTEM IMPROVEMENTS - WL REPLACEMENT, VARIOUS AREAS, WATER LOSS CORRECTION	\$ 870,000.00	\$ -	0525	1.59%	20	Apr-12	Sep-12	Aug-13
19	45	73,712	OCOEE UTILITY DISTRICT	POLK / BRADLEY	SLOAN GAP WL EXTENSION	\$ 160,000.00	\$ -	0525	1.59%	20	May-12	Aug-12	Oct-13
20	45	73,712	OCOEE UTILITY DISTRICT	POLK / BRADLEY	WELCOME VALLEY WL EXTENSION	\$ 300,000.00	\$ -	0525	1.59%	20	May-12	Aug-12	Oct-13
21	45	73,712	OCOEE UTILITY DISTRICT	POLK / BRADLEY	WILDWOOD WTP WELL DEVELOPMENT	\$ 100,000.00	\$ -	0525	1.59%	20	May-12	Aug-12	Oct-13
22	45	4,500	WAVERLY *	HUMPHREYS	2011 WL REHAB-DOWNTOWN	\$ 500,000.00	\$ -	0733	1.59%	20	Jun-12	Sep-12	Jun-13

DWSRF Loan Program Intended Use Plan for FY 2011

DRINKING WATER STATE REVOLVING FUND FY 2011 Priority Ranking List

COMPREHENSIVE LIST

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*Includes 5 points for having an approved Growth Plan

Rank	Priority Points	Pop.	Local Government	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate	Exp'd term (yrs)	Exp'd loan award date	Const. Start	Const. Compl
23	45	4,500	WAVERLY *	HUMPHREYS	DUCK RIVER WL CROSSING	\$ 200,000.00	\$ -	0733	1.59%	20	Jun-12	Sep-12	Oct-13
24	45	4,500	WAVERLY *	HUMPHREYS	DUCK RIVER WTP BACKWASH LAGOONS	\$ 300,000.00	\$ -	0733	1.59%	20	Mar-12	Jul-12	Dec-13
25	45	9,223	CHUCKEY UTILITY DISTRICT *	GREEN / WASHINGTON	GREEN LEAK DETECTION METERS, WL REPLACEMENT, WATER LOSS CORRECTION – Green Business Case Required	\$ 1,550,000.00	\$ 1,550,000.00	0108	1.99%	20	Mar-12	Jul-12	Oct-13
26	45	21,300	DAYTON	RHEA	GREEN WTP UPGRADES AND EXPANSION INCLUDING NEW FINISHED WATER TRANSMISSION LINES – Green Business Case Required	\$ 15,950,000.00	\$ 700,000.00	0174	2.39%	20	Mar-12	Jun-12	Jul-14
27	45	15,200	LAFAYETTE	MACON	WTP EXPANSION	\$ 2,950,000.00	\$ -	0373	2.39%	20	Mar-12	Jul-12	Sep-13
28	45	30,862	LAVERGNE	RUTHERFORD	GREEN WTP UPGRADE – Green Business Case Required	\$ 1,270,000.00	\$ 800,000.00	0386	2.39%	20	Apr-12	Jul-12	Jun-13
29	45	90,000	CLEVELAND	BRADLEY	PHASE I, WATER DISTRIBUTION MAIN IN SOUTH CLEVELAND-HWY 64/74 WATER MAIN	\$ 2,730,000.00	\$ -	0117	2.79%	20	May-12	Aug-12	May-12

DWSRF Loan Program Intended Use Plan for FY 2011

DRINKING WATER STATE REVOLVING FUND FY 2011 Priority Ranking List

COMPREHENSIVE LIST

Total DWSRF \$ 103,288,795 \$ 39,943,580 Total Green Requested

*Includes 5 points for having an approved Growth Plan

Rank	Priority Points	Pop.	Local Government	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate	Exp'd term (yrs)	Exp'd loan award date	Const. Start	Const. Compl
30	45	76,000	COOKEVILLE	PUTNAM	PHASE 2-WTP UPGRADE AND EXPANSION	\$ 6,000,000.00	\$ -	0133	2.79%	20	Feb-12	Jul-12	Oct-13
31	45	27,677	OAK RIDGE	ANDERSON	GREEN RAW WATER BOOSTER PUMPS / ELECTRICAL UPGRADES – Green Business Case Required	\$ 2,000,000.00	\$ 2,000,000.00	0522	2.79%	20	Sep-12	Jan-13	Nov-14
32	45	4,200	TUCKALEECHEE UTILITY DISTRICT *	BLOUNT	GREEN NORTH SECTOR WL EXTENSION AND REPLACEMENT, WATER LOSS CORRECTION – Green Business Case Required	\$ 1,596,592.00	\$ 432,760.00	0714	2.79%	20	Oct-12	Mar-13	Dec-14
33	45	8,981	CROSSVILLE *	CUMBERLAND	CHESTNUT HILL INDUSTRIAL PARK WL EXTENSION	\$ 650,000.00	\$ -	0150	3.18%	20	Oct-12	Mar-13	Dec-14
34	45	8,981	CROSSVILLE *	CUMBERLAND	GREEN WATER FILTRATION IMPROVEMENTS AT HOLIDAY HILL WTP AND MEADOW PARK LAKE WTP – Green Business Case Required	\$ 1,700,000.00	\$ 50,000.00	0150	3.18%	20	Sep-12	Jan-13	Jul-14
35	45	8,981	CROSSVILLE *	CUMBERLAND	WL REPLACEMENT- LANTANA RD, US127 WL REHAB	\$ 2,310,000.00	\$ -	0150	3.18%	20	Sep-12	Dec-13	Dec-14

DWSRF Loan Program Intended Use Plan for FY 2011

DRINKING WATER STATE REVOLVING FUND FY 2011 Priority Ranking List

COMPREHENSIVE LIST

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36	45	22,967	GREENEVILLE	GREENE	GREEN WTP PUMP UPGRADES – Green Business Case Required	\$ 640,520.00	\$ 640,520.00	0273	3.18%	20	Sep-12	Jan-13	Mar-14
37	45	22,967	GREENEVILLE	GREENE	WL EXTENSION/ IMPROVEMENTS- EAST SIDE WATER MAIN UPGRADE	\$ 3,145,234.00	\$ -	0273	3.18%	20	May-12	Nov-12	Nov-13
38	45	41,800	LEBANON	WILSON	GREEN FRANKLIN RD / HOLLOWAY DR & CARVER LN WATER TRANSMISSION MAIN CONNECTORS – Green Business Case Required	\$ 850,000.00	\$ 850,000.00	0393	3.18%	20	May-12	Nov-12	Apr-13
39	45	41,800	LEBANON	WILSON	GREEN PHASE IV WATER MAIN REHAB / REPLACE – Green Business Case Required	\$ 400,000.00	\$ 400,000.00	0393	3.18%	20	Aug-12	May-13	Nov-13
40	45	41,800	LEBANON	WILSON	GREEN PHASE V WATER MAIN REHAB / REPLACE – Green Business Case Required	\$ 420,000.00	\$ 420,000.00	0393	3.18%	20	Aug-12	May-13	Nov-14
41	25	2,200	OLD GAINESBORO ROAD UTILITY DISTRICT *	JACKSON / PUTNAM	GREEN- AUTOMATED METER READING SYSTEM – Categorically Green	\$ 400,000.00	\$ 400,000.00		0.40%	20	Aug-12	May-13	Jun-14

DWSRF Loan Program Intended Use Plan for FY 2011

DRINKING WATER STATE REVOLVING FUND FY 2011 Priority Ranking List

COMPREHENSIVE LIST

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Rank	Priority Points	Pop.	Local Government	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate	Exp'd term (yrs)	Exp'd loan award date	Const. Start	Const. Compl
42	25	1,500	CARDERVIEW UTILITY DISTRICT *	CARTER / JOHNSON	GREEN METERS, NEW WATER TANK, PS UPGRADE, WL EXTENSIONS, BLDG – Green Business Case Required	\$ 520,000.00	\$ 205,000.00	0085	0.80%	20	Sep-12	Jan-13	Oct-14
43	25	2,209	ALEXANDRIA *	DEKALB	GREEN METERS-AMRs – Categorically Green	\$ 200,000.00	\$ 200,000.00	0008	1.19%	20	Sep-12	Jan-13	Dec-13
44	25	2,209	ALEXANDRIA *	DEKALB	WATER SOURCE DEVELOPMENT AND TRANSMISSION LINE, NEW WATER TREATMENT FACILITY	\$ 4,000,000.00	\$ -	0008	1.19%	20	May-12	Oct-13	Mar-14
45	25	1,350	COLD SPRINGS UTILITY DISTRICT *	JOHNSON	GREEN RADIO READ METERS, BACKUP GENERATOR AT THE WTP, WATERLINE UPSIZE, LEAK DETECTION EQUIPMENT, REPAIR SPRING BOX' CONCRETE TOP, ADD NEW VALVES ON BLOW-OFFS SYSTEMWIDE – Categorically Green	\$ 510,000.00	\$ 197,000.00	0485	1.19%	20	Dec-12	Apr-13	Oct-14
46	25	1,483	NIOTA *	MCMINN	GREEN AUTO-READ METER SYSTEM – Categorically Green	\$ 760,000.00	\$ 760,000.00	0510	1.19%	20	Sep-12	Feb-13	Jan-14

DWSRF Loan Program Intended Use Plan for FY 2011

DRINKING WATER STATE REVOLVING FUND FY 2011 Priority Ranking List

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47	25	1,483	NIOTA *	MCMINN	WATER TANK	\$ 650,000.00	\$ -	0510	1.19%	20	Sep-12	Feb-13	Jan-14
48	25	2,287	MINOR HILL UTILITY DISTRICT *	GILES	GREEN WATER METER REPLACEMENT- AUTO READ METERS – Categorically Green	\$ 400,000.00	\$ 400,000.00	0469	1.59%	20	Sep-12	Feb-13	Dec-14
49	25	73,712	OCOEE UTILITY DISTRICT	POLK / BRADLEY	CONASAUGA WATER STORAGE TANK	\$ 700,000.00	\$ -	0525	1.59%	20	Dec-12	Apr-13	Oct-14
50	25	73,712	OCOEE UTILITY DISTRICT	POLK / BRADLEY	GREEN WATER METER REPLACEMENT- AUTO READ METERS – Categorically Green	\$ 900,000.00	\$ 900,000.00	0525	1.59%	20	Sep-12	Jul-13	Dec-14
51	25	4,500	WAVERLY *	HUMPHREYS	DUCK RIVER WTP BACKUP POWER GENERATOR	\$ 250,000.00	\$ -	0733	1.59%	20	Sep-12	Oct-13	Dec-14
52	25	4,500	WAVERLY *	HUMPHREYS	GREEN METERS- AMRs – Categorically Green	\$ 525,000.00	\$ 525,000.00	0733	1.59%	20	Sep-12	Jul-13	Dec-14
53	25	4,500	WAVERLY *	HUMPHREYS	TOWN HILL WATER TANK	\$ 700,000.00	\$ -	0733	1.59%	20	Mar-13	Oct-13	Jun-14

DWSRF Loan Program Intended Use Plan for FY 2011

DRINKING WATER STATE REVOLVING FUND FY 2011 Priority Ranking List

COMPREHENSIVE LIST

Total DWSRF \$ 103,288,795 \$ 39,943,580 Total Green Requested

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Rank	Priority Points	Pop.	Local Government	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate	Exp'd term (yrs)	Exp'd loan award date	Const. Start	Const. Compl
54	25	6,900	OLD KNOXVILLE HWY WATER UTILITY DISTRICT *	GREENE	GREEN WATER LOSS CORRECTION- RADIO READ METERS, PRESSURE REDUCING VALVES, METERING EQUIPMENT, LEAK DETECTION SERVICES AND EQUIPMENT – Categorically Green	\$ 950,000.00	\$ 950,000.00	0530	1.99%	20	Mar-13	Oct-13	Oct-14
55	25	30,000	TELLICO AREA SERVICES SYSTEM	MONROE / LOUDON	WATER TANK- GREENBACK	\$ 1,000,000.00	\$ -	0726	1.99%	20	Mar-13	Oct-13	Jun-14
56	25	80,500	WHITE HOUSE UTILITY DISTRICT	ROBERTSON / SUMNER	GREEN REAL TIME LEAK DETECTION SYSTEM – Categorically Green	\$ 700,000.00	\$ 700,000.00	0745	1.99%	20	May-13	Aug-13	Aug-14
57	25	4,200	TUCKALEECHIEE UTILITY DISTRICT *	BLOUNT	GREEN WATER LOSS CORRECTION - RADIO READ METERS – Categorically Green	\$ 750,000.00	\$ 750,000.00	0714	2.79%	20	Mar-13	Jul-13	Jan-14
58	25	8,981	CROSSVILLE *	CUMBERLAND	NEW WATER TANK- PLATEAU RD.	\$ 825,000.00	\$ -	0150	3.18%	20	Mar-13	Jul-13	Feb-14
59	25	22,500	LENOIR CITY	LOUDON	GREEN AUTO-READ METER SYSTEM – Categorically Green	\$ 1,900,000.00	\$ 1,900,000.00	0396	3.18%	20	Apr-13	Aug-13	Dec-14
60	25	48,810	MADISON SUBURBAN UTILITY DISTRICT	DAVIDSON	GREEN AUTO-READ METER SYSTEM – Categorically Green	\$ 1,200,000.00	\$ 1,200,000.00	0424	3.18%	20	Apr-13	Mar-13	Mar-15

DWSRF Loan Program Intended Use Plan for FY 2011

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% Anticipated Interest Rate (%) Based on 4/11/2011 BBI of 5.04% and Base Calc rate of 3.98%

+ Small system serving less than 10,000 population

STATE OF TENNESSEE

PRIORITY POINTS FOR DRINKING WATER STATE REVOLVING FUND PROJECTS

1. Water Quality Problems
 - 100 Points - Disease outbreak or acute health risk
 - 80 Points - Chronic water quality problems
 - 60 Points - Potential water quality problems
 - 40 Points - Operational problems
 - 20 Points - Other
2. Source or Plant Capacity
 - 80 Points - Water shortage or rationing
 - 60 Points - 80% capacity rule
 - 40 Points - Exceeding capacity on peak days
 - 20 Points - Projected need within 10 years
3. Water Storage
 - 80 Points - Less than 50% daily demand
 - 60 Points - 50 to 75% daily demand
 - 40 Points - 75 to 100% daily demand
 - 20 Points - 100 to 125% daily demand
4. Leakage Problems
 - 80 Points - 50% or greater water loss
 - 60 Points - 40 to 49% water loss
 - 40 Points - 30 to 39% water loss
 - 20 Points - 20 to 29% water loss
5. Pressure Problems
 - 80 Points - pressure consistently less than 20 psi
 - 60 Points - pressure periodically less than 20 psi
 - 40 Points - pressure occasionally less than 20 psi
 - 20 Points - pressure marginal (20 to 30 psi)
6. Replacement or Rehabilitation Projects
 - 80 Points - essential equipment failure
 - 60 Points - essential equipment deteriorated & near failure
 - 40 Points - non-essential equipment failure
 - 20 Points - non-essential equipment deteriorated
7. Water Line Extensions
 - 100 Points - special acute health problems
 - 80 Points - exceeding drinking water limits or without water
 - 60 Points - nuisance or quantity problems
 - 40 Points - extend public water to private well supplies
 - 40 Points - water line relocations and upgrades

DWSRF Loan Program Intended Use Plan for FY 2011

DRINKING WATER STATE REVOLVING FUND – PRIORITY POINTS NARRATIVE

Water systems requesting loans for water projects through the DWSRF Loan Program will be assigned priority points based on instructions given in The Safe Drinking Water Act (SDWA). The SDWA instructs states to utilize DWSRF Loan Program funds to address risks to human health, compliance with the Act, and to assist systems most in need on a per household basis. Tennessee has established a priority ranking system, which will comply with the instructions in the SDWA. Priority points will be assigned on a 100-point scale based on the severity of the problem.

The only projects eligible for the maximum of 100 points will be those that address serious, acute risks to human health. Other projects will be assigned 20, 40, 60, or 80 points depending on the severity of the problem and whether a compliance problem exists. Projects requesting funds for ineligible activities such as fire protection, dam construction or future growth will not be assigned priority points. Projects that receive the same priority points will be ranked according to the ability to pay index for each community. This will satisfy the SDWA requirement to assist systems most in need on a per household basis. Seven categories of projects have been established which encompass all types of water system projects.

DWSRF Loan Program Intended Use Plan for FY 2011

Attachment 3

DWSRF LOAN PROGRAM BINDING COMMITMENT SCHEDULE

<u>QUARTER</u>			<u>AMOUNT</u>
October 1, 2011	-	December 31, 2011	\$ 0
January 1, 2012	-	March 31, 2012	\$ 2,000,000
April 1, 2012	-	June 30, 2012	\$ 2,000,000
July 1, 2012	-	September 30, 2012	\$ 1,000,000
October 1, 2012	-	December 31, 2012	\$ 1,000,000
January 1, 2013	-	March 31, 2013	\$ 2,000,000
April 1, 2013	-	June 30, 2013	\$ 2,000,000
July 1, 2013	-	September 30, 2013	\$ 2,000,000
TOTAL			<u>\$ 12,000,000</u>

DWSRF Loan Program Intended Use Plan for FY 2011

Attachment 4

DWSRF LOAN PROGRAM QUARTERLY AUTOMATED STANDARD APPLICATION for PAYMENTS (ASAP)

(Quarters are based on Federal fiscal year)

<u>FY 2011</u>	<u>Amount</u>
Qt 4	\$ 1,500,000

<u>FY 2012</u>	<u>Amount</u>
Qt 1	\$ 2,000,000
Qt 2	\$ 2,000,000
Qt 3	\$ 1,500,000
Qt 4	\$ 1,500,000

<u>FY 2013</u>	<u>Amount</u>
Qt 1	\$ 1,500,000
Qt 2	\$ 1,000,000
Qt 3	\$ 1,000,000
TOTAL	<hr/> \$ 12,000,000 <hr/>

DWSRF Loan Program Intended Use Plan for FY 2011

Attachment 5

DWSRF LOAN PROGRAM QUARTERLY DISBURSEMENTS

(Quarters are based on Federal fiscal year)

<u>FY 2011</u>	<u>Amount</u>
Qt 4	\$ 2,500,000

<u>FY 2012</u>	<u>Amount</u>
Qt 1	\$ 1,500,000
Qt 2	\$ 1,500,000
Qt 3	\$ 1,500,000
Qt 4	\$ 1,500,000

<u>FY 2013</u>	<u>Amount</u>
Qt 1	\$ 1,500,000
Qt 2	\$ 1,000,000
Qt 3	\$ 1,000,000

TOTAL	<u>\$ 12,000,000</u>
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DWSRF Loan Program Intended Use Plan for FY 2011

Attachment 6

PROJECTED FUNDS AVAILABLE TO LOAN DURING 2011 - WITH FEDERAL GRANT

	Through FY 2011	For FY 2012	Total
Sources of Funds:			
Capitalization Grants	\$ 155,546,900	\$ 12,000,000	\$ 167,546,900
State Match	\$ 27,061,780	\$ 2,400,000	\$ 29,461,780
Investment Earnings (estimated)	\$ 5,542,113	\$ -	\$ 5,542,113
Loan Repayments - Principal & Interest (estimated)	\$ 35,900,353	\$ -	\$ 35,900,353
Total Sources of Cash	<u>\$ 224,051,146</u>	<u>\$ 14,400,000</u>	<u>\$ 238,451,146</u>
Uses of Funds:			
Loans and Amendments	\$ 175,076,041	\$ -	\$ 175,076,041
Administration Expense Allocations	\$ 6,221,876	\$ 480,000	\$ 6,701,876
PWSS Expense Allocations	\$ 15,277,985	\$ 1,200,000	\$ 16,477,985
Small Technical Assistance Expense Allocations	\$ 3,110,938	\$ 240,000	\$ 3,350,938
Wellhead Protection Expense Allocations	\$ 3,403,126	\$ 120,000	\$ 3,523,126
Source Water Assessment Expense Allocations	\$ 1,277,620	\$ -	\$ 1,277,620
Capacity Development Expense Allocations	\$ 255,524	\$ -	\$ 255,524
Total Uses of Cash	<u>\$ 204,623,110</u>	<u>\$ 2,040,000</u>	<u>\$ 206,663,110</u>
Sources of Cash less Uses of Cash	<u>\$ 19,428,036</u>	<u>\$ 12,360,000</u>	
Net Available to Loan during FY 2012		<u>\$ 31,788,036</u>	<u>\$ 31,788,036</u>



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
State Revolving Fund Loan Program
L&C Tower, 8th Floor
401 Church Street
Nashville, TN 37243

April 5, 2011

REVISED PUBLIC NOTICE

Please note the day of the meeting has been corrected.

TO ALL POTENTIAL STATE REVOLVING FUND LOAN APPLICANTS AND INTERESTED PARTIES

The Tennessee Department of Environment and Conservation (TDEC) will conduct public meetings on **Tuesday May 3, 2011**, to present the fiscal year (FY) 2011 Draft Intended Use Plans (IUPs) for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) capitalization grants and to receive comments from the public. The meetings will be held in the **Conference Rooms, 17th Floor, L & C Tower, 401 Church Street, Nashville, Tennessee**, at **10:00 a.m. (CWSRF)** and **1:00 p.m. (DWSRF), CDT**.

IUPs serve as the planning documents for the state's intended use of this fiscal year's federal and state appropriations for the CWSRF and DWSRF. IUPs include the Priority Ranking Lists of eligible water and sewer projects and explanations of the intended uses of the set-asides for non-project activities, DWSRF and CWSRF Loan Program goals, and the criteria and methods used for distributing funds. The draft IUPs will become final after a 10-day post-public meeting comment period.

CLEAN WATER STATE REVOLVING FUND LOAN PROGRAM:

TDEC is currently applying for the FY 2011 Environmental Protection Agency (EPA) Capitalization Grant from the CWSRF Loan Program in the amount of \$15,000,000 and requires a state match of \$3,000,000.

DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM:

TDEC is currently applying for the FY 2011 (EPA) Capitalization Grant from the DWSRF Loan Program in the amount of \$12,000,000 and requires a state match of \$2,400,000.

DWSRF Loan Program Intended Use Plan for FY 2011

SPECIAL PROVISIONS OF THE FY 2011 CWSRF AND DWSRF CAPITALIZATION GRANTS

The Capitalization Grant Conditions for the FY 2011 CWSRF and DWSRF may require the State to set aside up to an estimated 20 percent Green Project Reserve and may include an additional subsidy to eligible recipients. The subsidy will be in the form of Principal Forgiveness (PF).

If you are unable to attend the meeting but would like to review the IUPs, please contact Dale Hager at (615) 532-0457. All comments must be received in the State Revolving Fund Loan Program's office no later than May 17, 2011. Comments may be mailed to Mr. Hager at the letterhead address above, submitted via e-mail to dale.hager@tn.gov, or sent to Mr. Hager at facsimile number (615) 532-0199.

Individuals with disabilities who wish to participate in these proceedings or to review these filings should contact the Tennessee Department of Environment and Conservation to discuss any auxiliary aids or services needed to facilitate such participation. Such contact may be in person or by writing, telephoning, or other means and should be made no less than 10 days prior to the scheduled meeting date to allow time to provide such aid or services. To make these arrangements, contact the Tennessee Department of Environment and Conservation, ADA Coordinator Beverly Evans, L&C Tower, 12th Floor, 401 Church Street, Nashville, Tennessee 37243, (615) 532-0207. Hearing impaired callers may use the Tennessee Relay Service (1-800-848-0298).

If you have any questions regarding this notice please contact Dale Hager at (615) 532-0457, dale.hager@tn.gov or Sharon Moody at (615) 532-0472 or sharon.moody@tn.gov.